



## Summary

Having designed the core structure of the Axie Infinity Shard (AXS) token, we chose the following distribution parameters of Staking Issuance and Treasury Distribution across the next 5 years to ensure a healthy staking economy:

- % of Staking Issuance Sent to community Treasury: 35%, 30%, 25%, 20% and 15%
- Stakers Share of Community Treasury Distribution: 5%, 5%, 10%, 10%, and 10%

## Motivation

The distribution parameters should foster a sustainable, healthy, and impactful play-to-earn/staking economy, while also catalyzing further player adoption.

For incentive flexibility, gaming and staking issuance are sent to a multi-sig wallet controlled by the core Axie team. From there, it's at the team's discretion how to distribute these funds. As a result, we have outlined distribution parameters to set an appropriate incentive scheme.

Year	Stakers Share of Comm. Treasury	% Staking Issu. To Comm. Treasury
1	5%	35%
2	5%	30%
3	10%	25%
4	10%	20%
5	10%	15%

Table 1: Stakers Share of Community Treasury and % Staking Issuance to Community Treasury

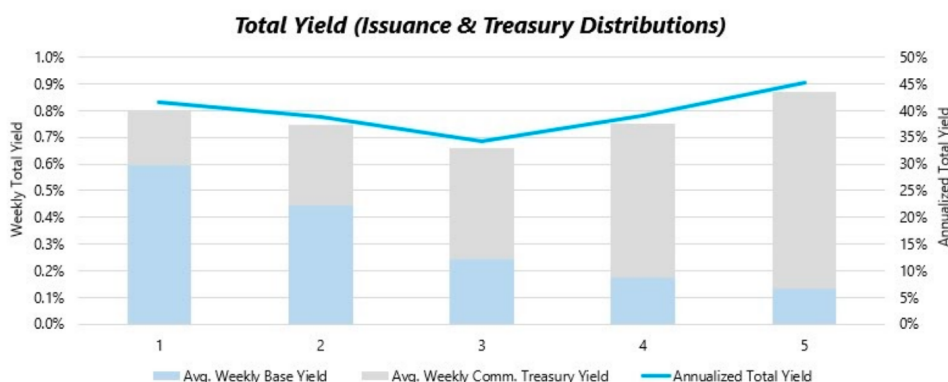
AXS stakers earn both staking and treasury yield. Staking yield consists of funds that move from the Axie staking multi-sig directly to stakers. Treasury yield consists of funds that move out of the Treasury to stakers. The underlying Treasury funds are made up of AXS tokens sent to the Treasury (from staking issuance) and exogenous network revenue (stablecoins and ETH).

Over the 5 years, we suggest sending staking issuance to the Community Treasury starting at 35% in year 1 and scaling down to 30%, 25%, 20%, and finally 15% in year 5. With these values, AXS stakers still earn an attractive base yield in the early years and an attractive treasury yield in the latter years. The logic here is that exogenous cash flows should make up more of AXS staking yield as the Axie ecosystem matures. Based on projections, total yield (base + treasury) should sit ~40% across the first five years.

The table and graph below show the projected base and total yield under these set parameters. Please reference the full deck and model for further details.

Yield Calcs					
Year	Avg. Weekly Base Yield	Avg. Weekly Comm. Treasury Yield	Avg. Weekly Total Yield	Annualized Base Yield	Annualized Total Yield
1	0.60%	0.20%	0.80%	30.99%	41.50%
2	0.45%	0.30%	0.75%	23.21%	38.80%
3	0.24%	0.41%	0.66%	12.69%	34.23%
4	0.17%	0.58%	0.75%	9.05%	39.13%
5	0.13%	0.74%	0.87%	6.87%	45.29%

Table 2: Yield Calcs



Graph 1: Total Yield Projections